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October 22, 2002

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Room TW-A325  
Washington, D.C. 20554

Re: *Ex Parte* Presentation – re: Public Meeting on Proposals to Reform the Commission's Universal Service Contribution Methodology, CC Dkt Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

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Dear Ms. Dortch,

The Ad Hoc Telecommunications Users Committee ("Ad Hoc") hereby submits an electronic written *ex parte* presentation in the above-referenced proceedings.

The purpose of this *ex parte* presentation is to oppose certain proposals made by the Coalition for Sustainable Universal Service ("CoSUS") in its October 10, 2002 *ex parte* submission in the above-referenced dockets.<sup>1</sup> First, Ad Hoc opposes CoSUS' revised transition plan. CoSUS suggests that the first step in the Commission's implementation of a connections-based Universal Service Fund ("USF") contribution assessment methodology should be using connections for residential and wireless services, while continuing to assess USF contributions for switched business line service, special access and private line services on the basis of revenues. At the end of the transition period, all USF assessments would be made on a connections basis.<sup>2</sup> CoSUS provides no reason for bifurcating the implementation of a connections-based assessment methodology for switched lines. If the Commission reasonably determines that a connections-based assessment methodology should be implemented with a transition step, the connections-based USF assessment methodology should apply to all, i.e., business as well as residential, switched and wireless, connections at the same time. Although carriers may need a short period of time to gather data and modify systems to implement a connections-based assessment methodology for private lines and special access circuits, they have not explained on the record why they would need

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<sup>1</sup> Ad Hoc previously had been, but no longer is, a member of CoSUS.

<sup>2</sup> Footnote 4 of CoSUS' *ex parte* filing states that CoSUS believes that the transition period need not be longer than twelve months.

additional time to implement a connections-based assessment methodology for switched business connections. An assertion that multi-line business customers might be confused does not support a bifurcated transition plan. Special access and private line customers are intelligent enough to understand, if provided an explanation, that application for a short period of time of a revenue-based assessment and collection methodology on special access and private lines is a transition step to the end state when all connections would be assessed on a flat capacity-basis.

Second, Ad Hoc continues to oppose a USF assessment and contribution methodology that assesses residential connections at a lower rate than multi-line business connections of the same capacity. Although CoSUS' proposal to set the initial connection-based assessment rate for switched multi-line businesses at three times the residential/single line business/ wireless assessment rate is a substantial improvement over CoSUS' original proposal, the record still does not justify discriminating against multi-line business subscribers.<sup>3</sup>

Finally, Ad Hoc objects to CoSUS' suggestion that carriers should be allowed to "mark-up" the USF assessments regardless of the assessment methodology the Commission prescribes.<sup>4</sup> Ad Hoc has previously explained that the Commission's truth-in-billing policies constrain the carriers' mark-ups.<sup>5</sup>

Pursuant to sections 47 C.F.R. § 1.1206(b)(1) and (2) of the Commission's rules, copies of this letter are being filed electronically with the Office of the Secretary. Copies are also being served electronically on the Commission personnel listed below.

Sincerely,



James S. Blaszak  
Counsel to  
Ad Hoc Telecommunications  
Users Committee

Cc: Matthew Brill  
Eric Einhorn  
Daniel Gonzalez  
Jordan Goldstein  
Chris Libertelli  
William Maher

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<sup>3</sup> See, Ad Hoc Telecommunications Users Committee, October 3, 2002 *ex parte* communication in the above-referenced proceedings, at 2.

<sup>4</sup> Footnote 2 in CoSUS' October 10, 2002 *ex parte* acknowledges that its members have different views on the mark-up issue.

<sup>5</sup> See, Ad Hoc Telecommunications Users Committee, October 3, 2002 *ex parte* communication in the above-referenced proceedings, at 5-7.